

## Title 13 ECONOMIC DEVELOPMENT

### Part I. Financial Incentives Programs

#### Chapter 9. Restoration Tax Abatement

##### 901. General

A. Intent of Law: To encourage the expansion, restoration, improvement, and development of **existing commercial structures and owner-occupied residences** in downtown, historic, and economic development districts. To provide for the development and improvement of local communities, encourage the fullest use of underutilized resources, and enhancement of the tax base.

B. Program Description: The Restoration Tax Abatement Program provides to commercial property owners and homeowners who expand, restore, improve or develop an existing structure in a downtown development district, economic development district or historic district (the "project"), the right for five years after completion of the work, to pay ad valorem taxes based on the assessed valuation of the property prior to the commencement of the project.

1. The application is subject to approval by the local governing authority, the State Board of Commerce and Industry, and the Governor. Assessment of the improvements, made by the project to the property, is deferred for five years by a contract entered into with the Board of Commerce and Industry. The contract may be eligible for renewal, subject to the same conditions, for an additional five years. **The tax abatement is not available if property taxes have been paid on the improvements made by the project.** If the property is sold, the contract may be transferred, subject to local government and Board approval. (This program is for property owners, for work done to an existing structure, located in a qualifying district. Enterprise Zones or Economic Development Zones are not an RTA "economic development district", 909(C). Only equipment which becomes an integral part of the "existing structure" is exemptible.)

2. The program is administered by the Louisiana Department of Economic Development, Office of Commerce and Industry, Financial Incentives Division. For more information contact the Restoration Tax Abatement Program Administrator, P.O. Box 94185, Baton Rouge, Louisiana 70804-9185. Telephone 504/342-5398.

AUTHORITY NOTE: Promulgated in accordance with R.S. 47:4311-4319.

HISTORICAL NOTE: Promulgated by the Department of Commerce, Office of Commerce and Industry, Finance Division, LR 11:98 (February 1985), amended LR 12:665 (October 1986), amended by the Department of Economic Development, LR 18:252 (March 1992).

### 903. Time Limits for Filing Application

A. The applicant shall submit an "Advance Notification" on the prescribed form **prior to the beginning of construction**. An advance notification fee of \$100 shall be submitted with the advance notification form. The phrase "beginning of construction" shall mean the first day on which foundations are started, or, where foundations are unnecessary, the first day on which installation of the facility begins. (This form should be filed ASAP after the decision to apply, or contemplate applying for this program.)

B. Application for tax exemption should be filed with the Office of Commerce and Industry, Box 94185, Baton Rouge, Louisiana, 70804-9185 on the form prescribed prior to the beginning of construction. Failure to file an application prior to construction, may result in the application being denied.

C. An application fee (effective May 4, 1988) shall be submitted with the application based on the following:

1. 0.2% times the estimated total five year property tax exemption. (See application fee worksheet attached.)
2. Minimum application fee is \$200, maximum application fee is \$5000.
3. Please make checks payable to: Louisiana Office of Commerce and Industry.

D. The Office of Commerce and Industry reserves the right to return the advance notification, application, or affidavit of final cost to the applicant if the estimated exemption or the fee submitted is incorrect. The document may be resubmitted with the correct fee. The document will not be considered officially received and accepted until the appropriate fee is submitted. Processing fees, for advance notifications, applications, or affidavits of final cost which have been accepted for eligible projects, shall not be refundable.

E. In order to include an application for the next scheduled meeting of the Board of Commerce and Industry, applications must be received a minimum of four (4) weeks prior to the next scheduled Screening Committee meeting date. The Authorized Board Representative, at his discretion, may accept certain applications beyond this date.

F. The board may restrict the years of eligible exemption, on the initial contract, if applicant submits the application after the required due date established by paragraph (B.) of this section.

G. If a property owner includes clauses in the lease agreement or correspondence relating to the Restoration Tax Abatement Program ("the program"), that the lessors have joined in and ratified all actions of the lessees, and the lease provisions make it evident that the property owner contemplated and bargained for an actual role in the property renovations and improvements, the lessee could make application for the program (Attorney General Opinion 84-483).

AUTHORITY NOTE: Promulgated in accordance with R.S. 47:4311-4319.

## 905. Application Requirements

A. The application must be complete (any exceptions must be authorized by C&I staff). All sections of the application form RTA1 must be filled in. Under Section 5, submit at least a one paragraph detailed description of the project with some historical overview, if applicable. For "ESTIMATED NO. OF JOBS", list only the **net new** permanent jobs which will be created as a result of the project being applied for; **do not list permanent jobs which existed prior to the beginning of the project**. In addition all applicable addendum documentation, listed under "Project Documentation", must be received. The application will be returned to the applicant if the required information is not received.

B. The expansion, restoration, improvement or development must be made to an existing structure and must be located in a downtown development district, economic development district or historic district.

C. If the construction period is longer than two years, the project must be divided into two year phases, and a separate application must be filed for each two year increment. A separate application must be filed for each structure being restored, renovated, improved or developed. Exceptions to this paragraph must be approved in advance by the authorized representative of the Board, and approved by the Board.

D. The expansion, restoration, improvement or development of a certified historic structure shall also be required to meet the National Park Service requirements for restoration projects known as The Secretary of the Interior's "Standards for Rehabilitating Historic Structures"; and, as interpreted by the Louisiana Department of Culture, Recreation, and Tourism, Division of Historic Preservation. As used in this Paragraph, the phrase "certified historic structure" means any building including its structural components, which: (a) Is listed on the National Register of Historic Places, or (b) Is located in a registered historic district and is listed as a contributing element of that district in the National Register records under authority of the Secretary of the Interior.

E. The Board of Commerce and Industry will not consider for tax exemption any expansion, restoration, improvement or development project if substantial completion of a commercial project occurred prior to October 15, 1982. For an owner-occupied residence, construction must not have been started prior to September 7, 1990.

F. Pursuant to R.S. 47:4315 (A) (4), under no circumstances will the Board of Commerce and Industry consider an application (or renewal application) for abatement on any project for expansion, restoration, improvement or development **once ad valorem taxes have been paid** on the basis of an

assessed valuation which reflects the improvements made by the project. **For RTA applications where construction has been completed prior to filing the application,** submit a written, notarized certification (three copies) from the applicant on company or personal letterhead, referencing the RTA application number (or if a renewal, the contract number) and stating that:

"...taxes have not been paid on improvements for which an exemption is being applied for under the Restoration Tax Abatement Program pursuant to R.S. 47:4315, paragraph (A)(4)."  
(See sample form)

G. When the expansion, restoration, improvement, or development is to be made to an owner-occupied residence, a contract of exemption shall not be available unless **a minimum rehabilitation cost equal to or greater than twenty-five percent** of the assessed valuation of the improvements located on the property prior to the commencement of the expansion, restoration, improvement, or development of the owner-occupied residence is incurred by the owner and such expansion, restoration, improvement, or development is completed within a twenty-four month period. "Owner-occupied residence" means any structure occupied by the owner and used principally for residential use including condominium units, duplexes, and other multiple residence structures. Owner-occupied residence projects shall not have been started prior to September 1, 1990.

AUTHORITY NOTE: Promulgated in accordance with R.S. 47:4311-4319.

HISTORICAL NOTE: Promulgated by the Department of Commerce, Office of Commerce and Industry, Finance Division, LR 11:98 (February 1985), amended LR 12:665 (October 1986), amended by the Department of Economic Development, LR 18:252 (March 1992).

## **907. Project Documentation**

A. Application is to be filed with the Office of Commerce and Industry. Please return ~~four~~ **five (5)** application forms (RTA1) completed signed with original signatures, and notarized. The application should include a **complete description** of the project. Attach additional pages if necessary. In addition, two complete sets of the addendum documentation, Paragraphs **1-6** and either **7** or **8** below are required for all projects. For projects involving owner-occupied residences items **10** and **11** must also be included. The Office of Commerce and Industry may request additional information.

B. ~~The~~ **Three copies of the** following addendum documentation must be submitted with the application: (Please denote each document with one of the numbers below.) (Failure to submit sufficient copies may result in a processing delay.)

1. Proof of Ownership: Act of sale or option to acquire the property.
2. A legal property description (suitable for insertion into the exemption contract - retype if necessary), a plot map; a copy of the building permit issued for the project.
3. Picture of the structure before beginning the project and a rendering of the structure as it will appear after completion of the project.

4. Names and addresses of all owners (the general partner(s) or, the principal stockholders of the corporation).
5. The assessed value of the structure only (improvements) and the taxes paid on the structure only.
6. A copy of the tax invoice for the year prior to commencement of the project.
7. Written certification from the local governing authority that the structure is in a downtown development district, an historic district, or an economic development district specifically designated as such for this program.
8. If the project is a 'certified historic structure' as defined in Section 905 (D), written certification from the Louisiana Department of Culture, Recreation, and Tourism, Division of Historic Preservation that the project meets the National Park Service requirements for restoration projects known as The Secretary of the Interior's "Standards for Rehabilitating Historic Structures". This is mandatory if the project is located in downtown New Orleans or downtown Shreveport.
9. A statement certifying that the minimum rehabilitation cost incurred to the owner-occupied residence project will be equal to or greater than twenty-five percent of the assessed valuation of the improvements located on the property prior to the commencement of the expansion, restoration, improvement, or development; and
10. A statement certifying that the owner-occupied residence project will be completed within a twenty-four month period.
11. In addition to the information required above, the applicant will furnish, to the Office of Commerce and Industry or the Board of Commerce and Industry, any additional information applicable to the project being applied for.

AUTHORITY NOTE: Promulgated in accordance with R.S. 47:4311-4319.

HISTORICAL NOTE: Promulgated by the Department of Commerce, Office of Commerce and Industry, Finance Division, LR 11:98 (February 1985), amended LR 12:665 (October 1986), amended by the Department of Economic Development, LR 18:252 (March 1992).

## **909. Local Governing Authority Certification and Approval**

A. R.S. 47:4314 (B), requires the exemption to be certified and approved by each local governing authority which is defined in R.S. 47:4313(5):

"Local governing authority" means the governing authority of the parish in which the downtown, historic, or economic development district is located unless the district is located

within a municipality, in which case "local governing authority" shall mean the governing authority of the municipality. If the district is located partly in a municipality, "local governing authority" shall mean the governing authority of the parish and the governing authority of the municipality.

B. Upon receipt of the application, the local governing authority shall notify each tax recipient body affected by the contract for a limited exemption and shall make available to each body the application and all supporting documents.

C. The parish or municipal governing authority shall certify that the property on which the expansion, restoration, improvement of development is being made is located within an established downtown, historic, or economic development district, whether established by a local governing authority or in accordance with law. This certification shall be submitted to the Office of Commerce and Industry with its decision to approve or disapprove.

D. The local governing authority shall determine whether the applicant's land usage meets the definition of "commercial property" based on their zoning ordinance, land use plan, downtown or economic revitalization plan, or any other development code and shall certify that the property meets their criteria. This certification shall be submitted to the Office of Commerce and Industry along with their recommendation.

E. Before notifying the board of its approval or disapproval of the application, the local governing authority shall conduct a public hearing. Notice of the time and place of the hearing shall be published at least twice in the official journal of the local governing authority, and at least ten days shall elapse between the first publication and the date of the hearing. Each affected tax recipient body shall be given written notice of the hearing at least ten days prior to such hearing. After such hearing, the local governing authority shall determine whether to approve or disapprove the application.

F. The local governing authority shall, within sixty days after receipt of the application from the Office of Commerce and Industry, file with the department a statement of its decision to approve or disapprove the application, the reasons therefor, and any supporting documents.

AUTHORITY NOTE: Promulgated in accordance with R.S. 47:4311-4319.

HISTORICAL NOTE: Promulgated by the Department of Commerce, Office of Commerce and Industry, Finance Division, LR 11:98 (February 1985), amended LR 12:665 (October 1986), amended by the Department of Economic Development, LR 18:252 (March 1992).

## **911. Effective Date Of Contract**

A. The owner of the existing structure or structures, shall carefully document the beginning date of the effective use of the structure, and also document the date that construction is essentially complete. The contractee must file that information with the Office of Commerce and Industry on the prescribed **Project Completion Report** within 30 days following the last day of the month after effective use of the structure has begun or construction is essentially completed, whichever occurs first. The Office of Commerce and Industry will indicate with a return of a copy of that report the effective date of the tax exemption contract, which shall be December 31 of the calendar year in which

effective use or operation of the structure began or construction was essentially complete, whichever was sooner.

B. As the assessment date for Orleans Parish is August 1, the effective date of contract for a structure located in Orleans Parish shall be July 31 of the applicable year.

AUTHORITY NOTE: Promulgated in accordance with R.S. 47:4311-4319.

HISTORICAL NOTE: Promulgated by the Department of Commerce, Office of Commerce and Industry, Finance Division, LR 11:98 (February 1985), amended LR 12:665 (October 1986), amended by the Department of Economic Development, LR 18:252 (March 1992).

### **913. Affidavit Of Final Cost**

Within six (6) months after construction has been completed, an **Affidavit of Final Cost** showing complete cost of the exempted project shall be filed on the prescribed form together with a fee of \$100 for the inspection which will be conducted by the Office of Commerce and Industry. (Make check payable to the Office of Commerce and Industry.)

AUTHORITY NOTE: Promulgated in accordance with R.S. 47:4311-4319.

HISTORICAL NOTE: Promulgated by the Department of Commerce, Office of Commerce and Industry, Finance Division, LR 11:98 (February 1985), amended LR 12:665 (October 1986), amended by the Department of Economic Development, LR 18:252 (March 1992).

### **915. Reports To Parish Assessor**

The property owner agrees to file annually with the assessor of the parish in which the structure is located any taxpayer's report required by law on forms furnished by the assessor in order that the exempted property, may be separately listed on the assessment rolls. Notwithstanding the fact, taxes will be collected on the exempt property during the period of exemption at the assessed valuation of the property the year prior to the commencement of the expansion, restoration, improvement, or development of the property.

AUTHORITY NOTE: Promulgated in accordance with R.S. 47:4311-4319.

HISTORICAL NOTE: Promulgated by the Department of Commerce, Office of Commerce and Industry, Finance Division, LR 11:98 (February 1985), amended LR 12:665 (October 1986), amended by the Department of Economic Development, LR 18:252 (March 1992).

### **917. Contract Can Be Transferred**

If the property for which the limited exemption has been granted is sold the limited exemption may be transferred for the remainder of its term to the new owner, provided such transfer is approved by the local governing authority, the Board of Commerce and Industry, and the Governor.

AUTHORITY NOTE: Promulgated in accordance with R.S. 47:4311-4319.

HISTORICAL NOTE: Promulgated by the Department of Commerce, Office of Commerce and Industry, Finance Division, LR 11:98 (February 1985), amended LR 12:665 (October 1986), amended by the Department of Economic Development, LR 18:252 (March 1992).

### **919. Violation Of Rules Or Documents**

On the Board's initiative or whenever a written complaint or violation of terms of the tax exemption rules or contract is received, the Assistant Secretary of the Office of Commerce and Industry shall cause to be made a full investigation on behalf of the Board, and he shall have full authority for such investigation including, but not exclusively, authority to call for reports or other pertinent records or other information from the contractee. If the investigation substantiates a violation, he may present the subject contract to the Board for formal cancellation.

AUTHORITY NOTE: Promulgated in accordance with R.S. 47:4311-4319.

HISTORICAL NOTE: Promulgated by the Department of Commerce, Office of Commerce and Industry, Finance Division, LR 11:98 (February 1985), amended LR 12:665 (October 1986), amended by the Department of Economic Development, LR 18:252 (March 1992).

## **921. Contract Renewal**

A. Effective January 1, 1991, contracts may be renewed, subject to the same conditions, for an additional five years extending such right for a total of ten years from completion of the work.

B. In order to be eligible for renewal of an existing contract the Project Completion Report and Affidavit of Final Cost, contract addendum documents, must have been filed for the original contract; taxes cannot have been paid on the improvements pursuant to R.S. 47:4315(A)(4); and a renewal application form must be submitted. The following documentation should be submitted:

1. Three copies of the application, form RTA1, marked "RENEWAL", containing current data.
2. A written, notarized certification (three copies) from the applicant, referencing the original application/contract number, that "taxes have not been paid on improvements exempted under contract number (number), for (owner name), pursuant to R.S. 47:4315, paragraph (A)(4) and the Restoration Tax Abatement Program rules."
3. A renewal fee check for \$50, payable to the Office of Commerce and Industry.

C. The same approval process, as used for the original application and contract, will be followed for renewal contracts. Applications must first be filed with the Office of Commerce and Industry. They will then be sent to the local governing authority for approval. If approved by the local governing authority, the application will be submitted to the Board of Commerce and Industry.

AUTHORITY NOTE: Promulgated in accordance with R.S. 47:4311-4319.

HISTORICAL NOTE: Promulgated by the Department of Commerce, Office of Commerce and Industry, Finance Division, LR 11:98 (February 1985), amended LR 12:665 (October 1986), amended by the Department of Economic Development, LR 18:252 (March 1992).

## **APPLICATION PROCESS**

- 1) An Advance Notification Form must first be filed with the Office of Commerce and Industry, Financial Incentives Division. Upon receipt of the Advance Notification Form, an application number is assigned to the applicant. An acknowledgment letter and application forms are then sent to the applicant with the assigned application number.
- 2) The application and all addendum documentation should be filed with the Office of Commerce and Industry prior to the beginning of construction. For "certified historic structures", a copy of the application should also be sent to the Division of Historic Preservation. Staff then reviews the application for accuracy and determines that all the addendum documentation required in Section 907 has been included.
- 3) The application is then sent to the staff representing the local governing authority. After review by the local governing authority staff, the application is presented for approval at public hearings. The local governing authority must notify the Board of Commerce and Industry within 60 days of receipt of the application. If approved, the local governing authority will return a resolution or ordinance to the Office of Commerce and Industry.
- 4) After the Office of Commerce and Industry staff receives a resolution from the local governing authority, the application is scheduled for presentation to the Board of Commerce and Industry, Screening Committee at its next regular scheduled meeting (usually the second Wednesday of every even numbered month). Staff makes a final review of the application and makes its recommendation to the Screening Committee. If approved, staff presents the Screening Committee recommendation to the full Board of Commerce and Industry (which usually meets the fourth Wednesday of every even numbered month).
- 5) After approval of the application by the Board of Commerce and Industry, a contract is drafted and forwarded to the applicant for signature. When the signature pages are returned by the applicant, the contract is signed by the authorized representative of the Board. The contract is then sent to the Governor for his approval and signature. The Governor has 30 days to notify the Board of Commerce and Industry and the Department of Commerce of his decision.
- 6) Copies of the executed contract are then forwarded to the contractee, local assessor, mayor or planning commission and any other necessary agency.
- 7) The contractee must file the PCR and AFC in accordance with procedures described in the above rules. Copies of the addendum documents are sent to the contract recipients. Once these contract addendums are received by the Office of Commerce and Industry, the file is complete.
- 8) The contractee is responsible for filing or reporting annually to the assessor, on forms provided by the assessor.

***Restoration Tax Abatement Program***

**Certification**

Application/Contract No.: \_\_\_\_\_

Project Address: \_\_\_\_\_

Before me, the undersigned notary, personally came and appeared

\_\_\_\_\_, who did depose and state:

That he is \_\_\_\_\_ of \_\_\_\_\_

\_\_\_\_\_  
(title) (company name)  
owners of the above property, who has submitted an application/entered into a contract with the Louisiana Board of Commerce and Industry for a limited ad valorem tax exemption as provided by Louisiana Revised Statute and the Louisiana Constitution; and further,

That ad valorem taxes have not been paid based on improvements made to the above described property and applied for under application number/executed under contract number \_\_\_\_\_ pursuant to R.S. 47:4315, paragraph (A)(4) and the Restoration Tax Abatement Program rules.

Title \_\_\_\_\_

**State of Louisiana**

Parish of \_\_\_\_\_

Sworn and subscribed

before me this \_\_\_\_\_ day

of \_\_\_\_\_, 19\_\_\_\_\_.

Notary Public

**For application information contact:**

Robert G. Berling, Administrator  
Office of Commerce and Industry  
Post Office Box 94185  
Baton Rouge, Louisiana 70804-9185  
Telephone (504) 342-5398

**For certified historic structures contact:**

Division of Historic Preservation  
P.O. Box 44247  
Baton Rouge, LA 70804  
Telephone (504) 342-8160

**Local government staff contacts:**

Mayor's Office of Economic Development  
12th Floor, 1515 Poydras Street  
New Orleans, LA 70112  
Telephone (504) 565-6950

Shreveport Metropolitan Planning Commission  
Post Office Box 31109  
Shreveport, Louisiana 71130  
Telephone (318) 226-5772

City of Monroe  
Planning and Urban Development Department  
P.O. Box 123  
Monroe, LA 71210-0123  
Telephone (318) 329-2213

Lafayette Community Development Department  
705 West University Avenue  
Post Office Box 4017-C  
Lafayette, LA 70502  
Telephone (318) 261-8411

Eunice Chamber of Commerce  
Post Office Box 508  
200 South C.C. Duson Drive  
Eunice, LA 70535  
Telephone (318) 457-2565

Jefferson Parish Economic Development  
Commission  
1221 Elmwood Park Blvd, Suite 405  
Jefferson, LA 70123  
Telephone (504) 736-6550

Hammond Downtown Development District  
P.O. Box 2788  
Hammond, LA 70404  
Telephone (504) 542-3471

Baton Rouge Community and Economic  
Development  
Post Office Box 1471  
300 North Boulevard, Room 205  
Baton Rouge, Louisiana 70821  
Telephone (504) 389-3039

St. Tammany Economic Development Foundation  
333 Gause Blvd., Suite 201  
Slidell, LA 70458  
Telephone: 504-643-3830

St. Bernard Parish Economic Development  
Commission  
Post Office Box 1932  
Chalmette, LA 70044  
Telephone: (504) 278-4327

Bossier City Economic Development Corporation  
710 Benton Road  
Bossier City, LA 71111  
Telephone: (318) 746-0252

**Historic Interests:**

Patricia H. Gay, Director  
Preservation Resource Center  
604 Julia Street  
New Orleans, LA 70130  
Telephone: (504) 581-7032

## RESTORATION TAX ABATEMENT

### FEE EXPLANATION / FORMULA (do not complete)

Please use this formula to determine the correct application fee:

- 1) Total Estimated **Improvements** X Assessment % (a) = Assessment
- 2) Assessed Value X Tax **Millage** Rate (b) = Annual Property Tax
- 3) Annual Property Tax X **5 years** = Est'd Five Year Tax Abatement
- 4) Five Year Tax Abatement X **0.2 Percent** = Application Fee

### FEE WORKSHEET - COMPLETE THIS SECTION

\$ \_\_, \_\_, \_\_. \_\_ Improvements/Project amount (do not include purchase price)

X (a) Assessment percentage (**.10** owner-occupied residence) (**.15** commercial)

X \_\_\_\_ (Millage Rate)(b) (the amount of tax per \$1000 of assessed value)

X 5 (number of years exempted)

= \$ \_\_, \_\_, \_\_. \_\_ (Estimated taxes to be deferred for five years)

X **0.002** fee percentage

= \$ \_\_. \_\_.00 Fee (rounded to dollars). Minimum fee is \$200.

**Return this form with your application and a check made payable to the Louisiana Office of Commerce & Industry.**

(a) Check with your Assessor to determine the assessment percentage, ie: 10% for owner occupied residence or 15% for commercial improvements.

(b) Refer to your last tax invoice or call your Assessor's office.

If you have any questions concerning fee calculations, please contact the Financial Incentives Division at (504) 342-5398.